

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2004-05		FY 2005-06	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS	See Below		See Below	
FEDERAL FUNDS	See Below		See Below	
OTHER FUNDS	906,752		906,752	
TOTAL FUNDS	906,752		906,752	

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

This bill makes changes to the Workers Compensation Act. Any compensation paid during vocational rehabilitation shall be in addition to the 300 weeks for temporary or permanent disability as specified in the bill.

STATE IMPACT: This bill is estimated to impact the state as an employer. The Department of Administrative Services (DAS) estimate, as adjusted by the Legislative Fiscal Office, is summarized in the following table:

Potential Annual Claims	21
Maximum Weekly Benefit Amount Per Claim	\$ 415
Maximum Weeks for Vocational Rehabilitation	104
Per Claim Cost	\$ 43,179
Maximum Additional Cost Per Year	\$ 906,752
By Fund Source:	Annual Amount
General	\$ 381,149
Cash	\$ 361,759
Federal	\$ 163,844
TOTAL	\$ 906,752

The adjustment the LFO made to the DAS estimate was to reduce the maximum weekly benefit amount to reflect the state average salary. In the May 2003 *Personnel Almanac*, the state average annual salary is \$32,384, which converts to a weekly wage of \$623. The workers compensation benefit amount is generally two-thirds of the weekly wage, capped by a maximum, currently \$562 per week. Therefore, workers compensation benefit amount used by the LFO is \$415 (two-thirds of \$623), rather than the \$562 used by DAS.

The DAS shows the impact from the Workers Compensation Revolving Fund. This is the fund in which DAS pays out workers compensation benefits. However, other agencies pay an assessment which goes into this fund from the various other fund sources (General, Cash, and Federal). The Legislative Fiscal Office used the adjusted DAS estimate and spread this amount out among the various fund sources based on the 2003 enacted appropriations. It is assumed that these costs would result in higher workers compensation assessments against the various state agencies and fund sources. This is shown in the above table, too.

The boxes at the top of the fiscal note show the adjusted DAS estimated amounts coming from *Other Funds* (Workers Compensation Revolving Fund). The LFO assumes there will be some lag between when the claims are paid and when the assessments are made against the various agencies and fund sources.

The DAS also notes that this bill would likely increase requests for vocational rehabilitation, thereby increasing the state's litigation costs. These costs are also initially paid out of the Workers Compensation Revolving Fund but are eventually assessed against the various state agencies and fund sources.

The Workers Compensation Court estimates no fiscal impact to their agency.

IMPACT ON POLITICAL SUBDIVISIONS: Political subdivisions will have impacts similar to the state since they are employers, too. This amount is unknown at this time. But based on the state's estimated impact, this amount could be in the tens of thousands of dollars for political subdivisions across the state.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Rich Robinson	DATE 1/21/04	PHONE 471-2526
COMMENTS			
DEPARTMENT OF ADMINISTRATIVE SERVICES: No basis to disagree. NEBRASKA WORKERS' COMPENSATION COURT: No fiscal impact.			